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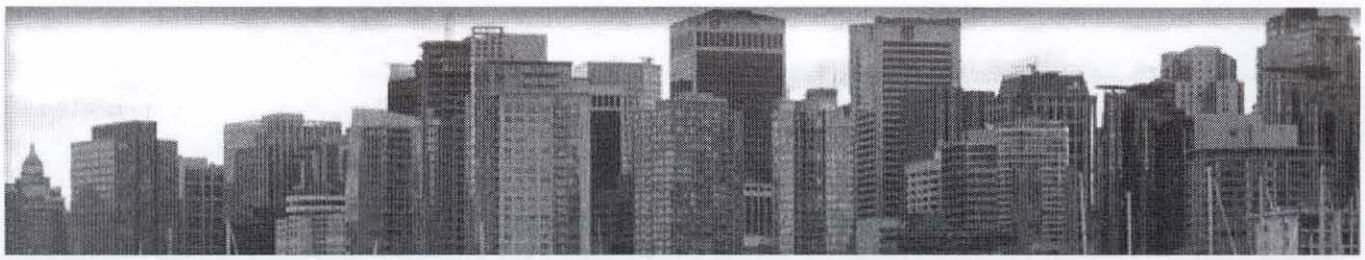

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Local inventor hopes for windfall with digital TV

New standards called boon for B.C. firm

By Beverly Cramp - Business edge

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New standards ushering in digital television in the U.S. will soon boost revenue by as much as $90 million a year for a company licensing a technology developed in Vancouver, according to its inventor.

Simon Fraser University (SFU) professor and V-chip creator Tim Collings says the company that sells the technology, Mississauga-based Tri-Vision International Ltd., will likely see a dramatic increase in sales when the U.S. Federal Communications Commission's (FCC) new rules take effect starting in 2006.

"We are a (company with earnings of) $10-15 million per year," says Collings, who is a director of Tri-Vision. "Our revenues could increase to $100 million per year and that is a conservative figure. But it will take a couple of years to get to that new level."

Analyst Bob Leshchyshen is more cautious about whether the large revenue forecasts will pan out. "It is still a work in progress," says Leshchyshen, a special situations analyst for Toronto-based Northern Securities. "The potential is huge, there is no doubt about that. It is difficult to forecast what the revenue increases will be. It all depends on Tri-Vision getting the television manufacturers, most of whom are offshore in Japan and China, to sign licensing agreements."

The V-chip is currently used to program television sets to block out unwanted programming, such as violent or overtly sexual shows. Collings was inspired to create his invention back in 1989 after 14 Montreal university students were gunned down by a disgruntled misogynist, whose apartment was later found to contain violent videos. Then 27, Collings decided to work with the SFU industry liaison office to patent and market the V-chip.

In what was to become the core of one of SFU's star spin-off companies, the V-chip was touted by former U.S. president Bill Clinton and vice- president Al Gore as a way to protect children from inappropriate and harmful television shows.

After the Telecommunications Act of 1996 passed, requiring most new televisions to have

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programming control, at least 80 million out of 275 million television sets in the U.S. now have a V-chip.

But few people know what the V-chip is. Collings acknowledges that only about seven per cent of television owners in the U.S. use the V-chip technology.

"When we developed the product, we did marketing studies and found that our target audience was families with kids under 12. That's about 20 per cent of homes," he says. "So we know that there is a large percentage of the population who is not going to be using the V-chip."

Collings also notes that the way television manufacturers currently install the technology makes it difficult for most consumers to find. "It requires someone to find the function using an onscreen menu. It's not typically a button on the remote control. It takes some effort to use (the V-chip capability)."

Collings hopes that in future, the V-chip technology will be easier to access in television sets. "When someone buys a new set and turns it on, the first thing they see is (an onscreen 'help wizard') that helps them program it.

In the case of the V-chip, this is something that should pop up early on."

The Sept. 7 FCC report and order included several key requirements for programming control that will provide all Americans with the Collings-invented V-chip technology.

"We are the only company that possesses a patent for technology that fits into the new (FCC) standard," says Collings. "We've got a pretty solid case. We're hoping to get 100 per cent of the market in the U.S."

Already, TV manufacturers are approaching Tri-Vision to license the technology for new digital televisions. Collings says that the company is setting up an office in Japan, one of the world's largest manufacturers of televisions.

"The real issue is that, although the law is the law, Tri-Vision is dealing with major manufacturers and Tri-Vision has to get them to pay," says Leshchyshen.

Both Leshchyshen and Collings say the fact the U.S. is getting closer to an exclusive digital television environment will also help Tri-Vision, even if Canada is behind.

Felix Narhi, telecommunications analyst for brokerage firm Odlum Brown, agrees that the age of digital television is nearer at hand in the U.S. than Canada but that we will soon follow. "It's a digital future, it's just a question of when, not if," says Narhi. "Once the U.S. goes, Canada will have to go, too."

The V-chip also allows for new program ratings to be received and is now called "open V-chip" technology.

"We think the V-chip can change the way we interact with TV," adds Collings. "The way it works now is that you get various kinds of programming unless you turn it off by screening it out with the V-chip. You can now use the V-chip to program only what you want to see. This will provide better feedback to the broadcasters as to what kinds of programming people actually want to see."

Leshchyshen also sees many other markets for the V-chip. "Some people watch TV on their computer and so those computers with a TV tuner will also have to have a V-chip," he says. When the U.S. becomes solely a digital broadcasting environment, millions of analog sets will require a set-top device to convert digital signals, he adds. "All those set-top devices will have to have a V-chip, too."

(Beverly Cramp can be reached at beverly@businessedge.ca)